DEPARTMENT OF TAXATION

Amendments to Chapter 18-235,
Hawaii Administrative Rules

September 15, 2005

SUMMARY

1. New section 18-235-20.5-01 is added.

§18-235-20.5-01 **Fees for issuing comfort
letters, certificates under section 235-110.9, HRS,
and certificates under section 235-110.91, HRS.** (a)
The department may charge a fee of $1,000 to any
person requesting the issuance of a comfort ruling
from the department.

(b) The department may charge the following fees
to each person requesting a certificate under section
235-110.9, HRS:

(1) $100 for complete requests received by the
department prior to the third Wednesday in
January following the year in which the
investment was made;

(2) $150 for complete requests received by the
department on or after the third Wednesday
in January following the year in which the
investment was made; or

(3) For entities taxable as a partnership for
net income tax purposes, such entities may
request a certificate on behalf of their
partners or members, and the following fees
shall apply:

(A) $750 for complete requests received by
the department prior to the third
Wednesday in January following the year
in which the investment was made; or

(B) $1,000 for complete requests received
by the department on or after the third
Wednesday in January following the year
in which the investment was made.

These fees shall apply provided that the person
submits the application for certification in the
manner prescribed by the department through published
guidance.

(c) The department shall charge the following
fees to each person requesting a certificate under
section 235-110.91, HRS:

(1) $400 for complete requests received by the
department prior to the third Wednesday in

January following the year in which the
expenses were incurred; or
(2)    $750 for complete requests received by the
department on or after the third Wednesday
in January following the year in which the
expenses were incurred.
(d)    The department shall require payment in full
of any outstanding fees prior to processing a request
described in subsection (a), (b), or (c).
(e)    No fee shall be required from any person
requesting a certificate under sections 235-110.9,
HRS, or 235-110.91, HRS, where the credit sought to be
claimed is less than $25,000 for the qualified high
technology business' taxable year.
(f)    As used in this section:
"Comfort ruling" means a ruling concerning the
application of the following high technology tax
incentives:
(1)    The high technology business investment tax
credit under section 235-110.9, HRS;
(2)    The income tax exclusion for royalties and
other income derived from patents and
copyrights received by an individual or a
qualified high technology business and
developed and arising out of a qualified
high technology business under section 235-
7.3, HRS;
(3)    The income tax exclusion for stock options,
dividends from stock, the receipt of the
options, the exercise of the options, and
income from the sale of the options under
section 235-9.5, HRS; or
(4)    The tax credit for research activities under
section 235-110.91, HRS.
"Complete request" means the taxpayer has:
(1)    Answered all of the questions listed on the
application for certification; and
(2)    Executed the application for certification
under penalty of perjury. [Eff NOV 0 3 2005  ]

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(Auth: HRS §§231-3(9), 235-10, 235-20.5)
(Imp: HRS §235-20.5)

DEPARTMENT OF TAXATION


Amendments to Chapter 18-235, Hawaii
Administrative Rules, on the Summary Page dated
September 15, 2005, were adopted on September 15,
2005, following public hearing held on September 15,
2005, after public notice was published in the
Honolulu Star-Bulletin, the Garden Isle, the Maui
Times, West Hawaii Today, and the Hawaii Herald-
Tribune on July 29, 2005.

These amendments shall take effect ten days after
filing with the Office of the Lieutenant Governor.


KURT KAWAFUCHI
Director of Taxation


APPROVED:


LINDA LINGLE
Governor
State of Hawaii

Dated: __OCT 2 4 2005__


APPROVED AS TO FORM:


Deputy Attorney General